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CONSTRUCTIVE EXPERIMENTS IN INDUSTRIAL COOPERATION BETWEEN EMPLOYERS AND EMPLOYEES[1]

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THIS volume comprises the addresses delivered at the Forty-first Annual Meeting of The Academy of Political Science. The subject which the Trustees of the Academy selected for discussion this year, "Constructive Experiments in Industrial Cooperation between Employers and Employees," may be considered by some as primarily social and economic. However, as one participant in these discussions has happily described this phase of the industrial problem, it is the "Politics of Industry," and may thus be regarded as well within the scope of the Academy's purposes. Perhaps in a little more optimistic mood he might have described the problem as the "Statesmanship of Industry."

The sub-committee which has been at work on this subject for many months came to the conclusion that while this meeting should include many phases of experiments in industrial cooperation, its chief purpose should be to emphasize what employers have done and can do in taking the initiative.

There are several different angles from which employer-employee relations may be approached. Till very recently particular attention was given to what might be called the judicial phase, that is, to providing machinery for arbitration boards and boards of conciliation for settling controversies between employers and employees after they have arisen. Judicial and investigative machinery, however, while useful in smoothing out differences after they occur, cannot forestall disputes and is necessarily palliative. Industry is essentially dynamic and continuous, and it is therefore the everyday relations that are most important. Even the ordinary trade agreement between employers and unions is only a makeshift, as the parties thereto only come together once every year or two years and then for bargaining—that is, for controversial purposes. Such machinery alone cannot create cooperation and collective action.

[1] Introductory Address delivered at the first session of the Annual Meeting, November 4, 1921.

It was felt by the Committee that there was a large area in which controversy played only a minor rôle and which concerned the continuous and constructive relationships of employer and employee. Within this area lie such problems as proper personnel administration within the plant and proper cooperation within the industry. It is a matter of working out the best possible adjustment between employer and employee for the year-in-and-year-out conduct of business. Though for many reasons a certain amount of friction is inevitable, it is amazing how many difficulties and issues permit of constructive solutions. It has been the purpose of the Committee to indicate by striking examples what these solutions are. The title "constructive experiments" has been used, but in most instances they are more than experiments.

Two facts, I think, stand out in respect to this attempt to treat constructively our employer-employee problems. The first is the diversity with respect to these problems that exists between different industries. Certain principles are common to all, but in other respects the method of approach should be different for each industry. It cannot be too strongly emphasized that there is no formula.

For example, in some industries the question of sanitary control can best be handled by each individual plant either through a committee or otherwise. In the clothing industry, on the other hand, because of the nature of the problems, we have a Joint Board of Sanitary Control. In an industry without plants, like the building industry, no matter how enlightened the employers may be, a strong union would seem to be necessary to prevent chaotic conditions from arising, owing to the fact that the men have no continuous connection with or loyalty to any one employer. In industries where an organization can be continuously employed, where there is no strong competition, and where the management is enlightened, conditions may arise which make a well-organized union less necessary. Shop committees may be useful in the plants of certain industries —shop chairmen in others. In some industries regularization of work is an important problem; in others no such problem presents itself. Large organizations require an entirely different technique than small businesses. There is no single recipe for successful personnel administration.

The Committee has attempted as far as possible to keep in mind this diversity of conditions and to illustrate by the examples of different experiences the variety of methods of approach.

The other fact that stands out is the important rôle that employing management plays in this constructive side of labor relations. The employer is, after all, the man who has got the administrative responsibility and thus the administrative power. Labor leaders, very properly, are selected more for their political than for their administrative ability. To use an analogy from the field of politics, they are in the position of the opposition party rather than in that of the responsible party.

We have said that there is no formula, but if there were, it would seem to be this: that employers give as much time and thought to these personnel problems as they give to physical problems—as much time to morale as they give to mechanics. It is a matter of will and concentration. In some respects labor may be a commodity and the relation of employer to employee purely contractual, but human beings are human beings and not machines. You can buy an adding-machine but you must get cooperation from an accountant. "Understanding the human element is the acid test of the competency of management today." For this reason, this conference has possibly a disproportionate number of employers to testify what they have done.

In dealing with cooperation within the plant, the employer is, of course, the principal figure, as it would seem that he has the initial rôle of leadership. Employees want adequate wages, security and a voice in their working conditions. Just in what form these are secured is not of first importance, though some form of representation seems almost always to be desirable. What is of first importance, however, is that the management secure and maintain the confidence of its employees throughout the organization. Whether the industry be unionized, partly unionized, or non-unionized, proper team-work within plants depends on the skill and enlightenment of the management. I like the slogan suggested by our distinguished English visitor, "Let employers lead, not drive."

When we come to consider industry-wide cooperation, trade unions must necessarily play an important rôle. Within an entire industry, the question of bargaining for wages is an important factor. But in line with the policy of avoiding the

judicial phase, the attempt has been made to stress examples of continuous methods of discussing controversial questions rather than mere agreements to bargain and arbitrate. What has been particularly emphasized is that there are a large number of questions within separate industries that are not necessarily controversial but concern the welfare of all and can be solved by joint discussion with or without the help of expert assistance from both sides. Union leaders have a most important part to play here—that of studying the particular industry involved and of insisting that employers introduce the necessary measures to stabilize it. This is far better than merely concentrating on the wage question or on negative regulations.

The necessity for proper personnel work in governmental employment speaks for itself. The Government should be the leader in an enlightened personnel policy. Several papers deal with what the State and other public agencies can do to assist in teaching constructive methods of handling personnel relations.

In large business establishments, which do an increasing amount of business in this country, the day-to-day handling of labor is largely in the hands of salaried managers. There is no more important problem than that of changing the curricula of our technical schools and colleges, from which this group is recruited, to include adequate courses on personnel relations.

It must be kept in mind, however, that for the present the large establishment or organization is not the preponderant one in this country. The 1914 Census of Manufacturers indicates that 70% of employees of this country are employed in plants of 500 or less. The small proprietor would, therefore, seem to be a very large factor in our industrial processes. And if we are to make progress in our personnel relations it is important that he be given access to the most approved methods of handling personnel. Particular attention is therefore called to an experiment in New York State in providing industrial counselors to advise employers with respect to their personnel problem.

The outlook of the smaller employer is necessarily local and a counselor in the state service can probably get into much more intimate contact with industries in his own state than can a federal bureau. A decentralized method of reaching him would seem to be the most effective. The main object to be obtained would be to educate the employer by giving him access to vari-

ous approved methods of handling personnel. Field consultations and correspondence are particularly valuable in indicating to him how he can best adapt this information to handling his particular problem. Employers are naturally fearful of over-regulation by the state of their labor or other problems, and there is no doubt that standardization and negative regulation have limits. On the other hand, the Government has usually been most successful in its educational and advising functions. For example, in assisting the farmer by advice and consultation, in its Bureau of Standards and its Bureau of Mines etc., the Federal Government has been particularly effective. The states also have been particularly effective in advising the farmer, through their experimental agricultural colleges. Surely industrial questions are as important as agricultural problems.

Besides the state itself, local Chambers of Commerce would also seem to be particularly effective in this direction. Composed as they are, mainly of business men, they already have access to the individual employer, making a pooling of information particularly feasible.

A recent survey has estimated that 10% to 25% of the employers of the country were using approved modern methods in handling their employee problems. Efforts must be made, by initial education and by furnishing facilities for self-help, to bring up the percentage to a higher figure. The education of the employer is as important as the worker's education.

It is the hope of the Committee that the attention of the different groups connected with the industrial field, and of the public generally, may be centered upon these different constructive methods of approaching labor relations. It would seem to be particularly important that employers generally realize their disproportionate responsibility and the opportunities that lie before them. The 10% to 25% of employers using modern methods should be increased to at least 60% or 70% and there must be no scrapping of progress already made.

If we desire to increase the "national dividend" so that the per capita income may be increased to the advantage of every individual; if we desire that our industries may compete in the markets of the world; and finally, if we desire in this democracy of ours to avoid unhealthy social friction—a proper handling of these personnel problems is imperative.